

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street, 21st Floor
San Francisco, California 94105**

REG-2008-00026
CA 08-06 Forms

July 1, 2009

**NOTICE OF PROPOSED ACTION AND NOTICE OF PUBLIC HEARING
REGARDING REVISIONS TO CALIFORNIA AUTOMOBILE ASSIGNED RISK
PLAN PLAN OF OPERATIONS**

SUBJECT OF HEARING

California Insurance Commissioner Steve Poizner will hold a public hearing to address the proposed amendments to California Automobile Assigned Risk Plan (CAARP) Plan of Operations Portfolio of Forms.

AUTHORITY TO ADOPT RULES AND PROCEDURES AND REFERENCE

The Commissioner will consider the proposed changes pursuant to the authority vested in him by Section 11620 of the California Insurance Code. The Commissioner's decision on the proposed changes will implement, interpret, or make specific the requirements of Insurance Code Section 11624(e). Government Code §11340.9(g) applies to this proceeding.

HEARING DATE AND LOCATION

Notice is hereby given that a public hearing will be held to permit all interested persons the opportunity to present statements or arguments, orally or in writing, with respect to the proposed changes at the following date, time, and place:

**Date and Time: September 22, 2009
 10:00 a.m.**

**Location: California Department of Insurance
 45 Fremont Street
 22nd Floor Hearing Room
 San Francisco, California 94105**

ACCESS TO HEARING ROOM

The facilities to be used for the public hearing are accessible to persons with mobility impairments. Persons with sight or hearing impairments are requested to notify the contact person (listed below) for this hearing in order to make special arrangements, if necessary.

WRITTEN AND/OR ORAL COMMENTS: AGENCY CONTACT PERSON

All persons are invited to submit written comments to the Insurance Commissioner on the proposal prior to the public comment deadline. Comments should be addressed to the contact person for this proceeding:

Mike Riordan, Staff Counsel
California Department of Insurance
Rate Enforcement Bureau
45 Fremont Street, 21st Floor
San Francisco, CA 94105
riordanm@insurance.ca.gov
Telephone: (415) 538-4226
Facsimile: (415) 904-5490

The backup agency contact person for this proceeding will be:

Bryant Henley, Senior Staff Counsel
California Department of Insurance
Rate Enforcement Bureau
45 Fremont Street, 21st Floor
San Francisco, CA 94105
henleyb@insurance.ca.gov
Telephone: (415) 538-4111
Facsimile: (415) 904-5490

All persons are invited to present oral and/or written testimony at the scheduled public hearing.

DEADLINE FOR WRITTEN COMMENTS

All written materials, unless submitted at the hearing, must be **received** by the Insurance Commissioner at the address listed above **no later than 5:00 p.m. on September 22, 2009**. Any written materials received after that time will not be considered. Written comments may also be submitted to the contact person by e-mail or facsimile transmission. Please select only one method to submit written comments.

ADVOCACY OR WITNESS FEES

Persons or groups representing the interest of consumers may be entitled to reasonable advocacy fees, witness fees, and other reasonable expenses, in accordance with the provisions of California Code of Regulations, Title 10, Sections 2662.1-2662.6 in connection with their participation in this matter. Interested persons must submit a Petition to Participate, as specified in California Code of Regulations, Title 10, Section 2661.4. The Petition to Participate must be submitted to the Commissioner at the Office of the Public Advisor at the following address:

California Department of Insurance
Office of the Public Advisor
45 Fremont Street 21st Floor

San Francisco, CA 94105
Telephone: (415) 538-4190

A copy of the Petition to Participate must also be submitted to the contact person for this hearing (listed above). For further information, please contact the Office of the Public Advisor.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

The Insurance Services Office has introduced several revisions to the Commercial Auto Coverage Parts Program (“CACP”) and related rating rules. The revisions provide a combination of broadenings and restrictions of coverage. Listed below are all of the forms affected and a summary of the changes.

Forms AP 10 03 04 08, AP 62 12 04 08, AP 73 12 04 08, AP 90 46 04 08, AP 90 52 04 08, AP 62 12 04 08, AP 90 52 04 08 and AP 90 52 04 08 are revised to eliminate the countersignature boxes on the forms as countersignature laws have been repealed in all states.

Form CA 00 01 03 06 Business Auto Coverage Form Section I is revised to introduce a new mobile equipment coverage symbol. Section II(a) revises the supplementary payment provisions to clarify that supplementary payments may be paid regardless of when or if payments are made under limit of exclusion coverage; (b) is revised to incorporate the mobile equipment exclusion from withdrawn endorsement CA 00 51 and the definition of war is expanded to include all warlike actions. In Section III(a) the auto definition is revised to incorporate the auto definition from withdrawn endorsement CA 00 51, (b) the covered pollution cost or expense definition is revised to be consistent with the clean up cost portion of the Pollution Exclusion in the Commercial General Liability Program, and (c) the definition of mobile equipment is revised to incorporate the mobile equipment definition from withdrawn endorsement CA 00 51.

CA DS 03 03 06 The changes to the Declarations and Schedules are only advisory. CA DS 03 03 06 replaces CA DS 03 02 04.

CA 00 12 03 06 Truckers Coverage Form is revised to incorporate the same revisions made in CA 00 01 03 06.

CA DS 14 03 06 The changes to the Declarations and Schedules are only advisory. CA DS 14 03 06 replaces CA DS 14 02 0.

AP 40 31 05 08 (1) Countersignature table and schedule are updated to better accommodate automated systems (2) The war exclusion applicable to property damage uninsured motorist coverage is incorporated.

AP 62 15 02 07 this form is revised to clarify that supplementary payments may be paid regardless of when, or if, payments are made under Limit of Insurance provision.

AP 70 14 05 08 and AP 70 15 05 08 these forms are revised to delete the trailer interchange provisions as they are not applicable to risks written in the CAARP Plan.

CA 00 51 12 04 this form is withdrawn.

CA 04 24 04 06 this form is revised to expand the current war exclusion beyond liabilities assumed contractually to include all war and warlike actions.

CA 20 01 03 06 (1) the countersignature table and schedule are updated to better accommodate automated systems. (2) the reference to PIP is deleted, (3) the Who Is An Insured provision is clarified as providing coverage solely to the lessor for acts or omissions by either the lessee, the lessee's employees or agents, or anyone, except with respect to the lessor or the lessor's employees or agents with the permission of these individuals for the operation of the leased auto.

CA 20 11 03 06 this form is revised to limit the exclusion to "bodily injury" or "property damage" resulting from the acts or omissions of the lessee/rentee, or their employees or agents, or any person, except the named insured or the named insured's employees or agents, operating a leased auto with the permission of the lessee/rentee or their employee or agent.

CA 21 54 03 06 (1) Countersignature table and schedule are updated to better accommodate automated systems (2) The war exclusion applicable to bodily injury uninsured motorist coverage is incorporated.

CA 23 17 03 06 (1) Countersignature table and schedule are updated to better accommodate automated systems (2) Changes are made to correspond with amendments to the uniform Intermodal Exchange and Facilities Access Agreement.

CA 23 20 03 06 (1) Countersignature table and schedule are updated to better accommodate automated systems (2) Supplementary payments is changed to clarify that they may be paid regardless of when, or if, payments are made under the Limit of Insurance provision.

CA 23 94 03 06 this form is introduced to exclude loss due to silica.

CA 99 48 03 06 the covered pollution cost or expense definition is revised to be consistent with the clean up cost portion of the Pollution Exclusion in ISO's Commercial General Liability program.

IL 00 21 09 08 this form is revised to replace the line of business references of Professional Liability with Medical Professional Liability.

COMPARABLE FEDERAL LAW

There are no comparable existing federal regulations or statutes.

LOCAL MANDATE DETERMINATION

The Insurance Commissioner has initially determined that the proposal will not result in any new program mandates on local agencies or school districts.

MANDATES ON LOCAL AGENCIES OR SCHOOL DISTRICTS OR COSTS WHICH MUST BE REIMBURSED PURSUANT TO GOVERNMENT CODE SECTIONS 17500 THROUGH 17630

The Insurance Commissioner has initially determined that the proposal will not result in any cost or significant savings to any local agency or school district for which Part 7 (commencing with Section 17500) of Division 4 of the Government Code would require reimbursement, or in other nondiscretionary costs or savings to local agencies.

COST OR SAVINGS TO ANY STATE AGENCY; FEDERAL FUNDING

The Commissioner has determined that the proposed regulation will result in no cost or savings to any state agency and no cost or savings in federal funding to the state.

SIGNIFICANT STATEWIDE ADVERSE ECONOMIC IMPACT ON BUSINESSES AND THE ABILITY OF CALIFORNIA BUSINESSES TO COMPETE

The Commissioner has initially determined that the proposal will not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states. This proposal will have no effect on the creation or elimination of jobs in California, the creation of new businesses, the elimination of existing businesses in California, or the expansion of businesses in California.

COST IMPACT ON PRIVATE PERSONS OR ENTITIES

The agency is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

IMPACT ON HOUSING COSTS

The Insurance Commissioner has initially determined that the proposal will not affect housing costs.

IMPACT ON SMALL BUSINESS

The matter proposed herein will not affect small business (Gov. Code Section 11342.610(b)(2)).

SPECIFIC TECHNOLOGIES OR EQUIPMENT

The proposal would not mandate the use of specific technologies or equipment.

ALTERNATIVES

The Insurance Commissioner must determine that no reasonable alternative considered by the agency, or that has otherwise been identified and brought to the attention of the agency, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

PLAIN ENGLISH

The proposed changes describing CAARP's proposals are in plain English.

TEXT AND INITIAL STATEMENT OF REASONS

The Department has prepared an Initial Statement of Reasons addressing the proposed amendments in addition to the Informative Digest included in this notice. The Initial Statement of Reasons and this Notice of Proposed Action are available for inspection or copying, and will be provided at no charge upon request to the contact person listed above. Further details on CAARP's proposal are on file with the Commissioner and available for review as set forth below.

FINAL STATEMENT OF REASONS

A final statement of reasons will be prepared at the conclusion of this proceeding. Upon written or e-mail request to the contact person listed above, the final statement of reasons will be made available for inspection and copying once it has been prepared. A copy of the final statement of reasons will also be posted on the Department's web site.

ACCESS TO RULEMAKING FILE

Any interested person may inspect a copy of or direct questions about CAARP's proposed amendments, the statement of reasons, and any supplemental information contained in the rulemaking file by contacting the contact person listed above. **By prior appointment**, the rulemaking file is available for inspection at 45 Fremont Street, 21st Floor, San Francisco, California 94105, between the hours of 9:00 a.m. and 4:30 p.m. Monday through Friday.

AUTOMATIC MAILING

A copy of this Notice, including the Informative Digest is being sent to all persons on the Insurance Commissioner's mailing list.

AVAILABILITY OF DOCUMENTS ON THE INTERNET

The Initial Statement of Reasons, proposed text, and this Notice of Proposed Action will be published online and may be accessed through the Department's website at www.insurance.ca.gov.

AVAILABILITY OF MODIFIED TEXT OF REGULATIONS

If the Department amends the proposed regulations with changes that are sufficiently related to the original text, the Department will make the full text of the amended regulations, with the changes clearly indicated, available to the public for at least 15 days before the date the Department adopts the amended regulations.

STEVE POIZNER
Insurance Commissioner

Dated: _____, 2009

By: _____/s/_____
Mike Riordan
Staff Counsel